

Message Text

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21

ACTION XMB-04

INFO OCT-01 EA-07 ISO-00 EB-07 OES-06 PM-04 NSC-05 SP-02

SS-15 /051 W

----- 125317

R 090900Z APR 76

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 6514

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EO 11652: N/A

TAGS: ETRD, EFIN, KS

SUBJECT: EX-IM LOAN FOR KORI II

REF: STATE 084777

1. ECOUNS TODAY HAD FURTHER DISCUSSION OF KORI II WITH EPB ASSISTANT MINISTER S.K. LEE (M/R YI SON-KI). LEE SAID THE ROKG HAD INSTRUCTED ITS EMBASSY IN WASHINGTON TO ASK EX-IM TO GO AHEAD WITH SUBMISSION OF THE PROJECT TO CONGRESS.

2. KECO WILL CONTINUE TO NEGOTIATE WITH WESTINGHOUSE BUT IS UNWILLING TO ACCEPT THE COST AS FULLY ESCALATED UNDER TERMS OF THE EXISTING CONTRACT, SINCE THEY NOW ESTIMATE THE PER KILOWATT COST WOULD BE \$1600. LEE WAS, HOWEVER, UNWILLING TO STATE WHAT WOULD BE A SATISFACTORY PRICE, ALTHOUGH THEY PRESUMABLY HAVE ONE IN MIND. (WE KNOW FROM TALKS WITH WESTINGHOUSE REPS THAT WESTINGHOUSE HAS IN FACT SET VERY HIGH NEW PRICE AS PART OF BARGAINING PROCESS)

3. THE ROKG WOULD PREFER TO COME TO MUTUALLY SATISFACTORY TERMS WITH WESTINGHOUSE. HOWEVER, IT LEARNED THAT TAIWAN HAD FOLLOWED A DIFFERENT PROCEDURE FOR ITS NUCLEAR PLANTS, THE MOST RECENT OF WHICH WAS FINISHED BY WESTINGHOUSE IN 1975 AT \$800 A KILOWATT. THAT PROCEDURE HAD INVOLVED EX-IM APPROVAL OF A GLOBAL PROJECT, THE PARTS OF WHICH

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WERE THEN BID ON COMPETITIVELY COMPLETE AND IN

PARTS BY AMERICAN SUPPLIERS.

4. LEE ALSO ARGUED THAT KECO HAD NO BARGAINING POWER WITH WESTINGHOUSE UNLESS THE PROJECT HAD EX-IM FINANCING, WHICH HAD PASSED CONGRESSIONAL APPROVAL AND WHICH COULD BE USED BY OTHER SUPPLIERS, IF THEY WON THE BID.

5. ECOUNS OBSERVED THAT THE EMBASSY'S MAJOR CONCERN HAS BEEN THAT THERE BE NO MISUNDERSTANDING ABOUT U.S. SUPPORT FOR KORI II FOLLOWING CANCELLATION OF THE FRENCH REPROCESSING FACILITY. HOWEVER, THE PROBLEM WAS NOW APPARENTLY A COMMERCIAL AND PROCEDURAL ONE OF INTEREST PRIMARILY TO EX-IM. WE COULD NOT THEREFORE AGREE WITH EX-IM ON POLITICAL GROUNDS.

6. LEE THEN ASKED THAT WE DETERMINE WHAT PROCEDURE TAIWAN HAS USED WITH EX-IM IN ITS FINANCING. TO ANSWER LEE, WOULD APPRECIATE GUIDANCE IF IT IS POSSIBLE TO SUBMIT A PROPOSAL TO CONGRESS WITH A SPECIFIC AMOUNT OF MONEY AND WITH THE BID SPECIFICATIONS (ANY OVERRUN WOULD THEN BE THE ROKG'S RESPONSIBILITY TO FINANCE).
SNEIDER

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Message Attributes

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